

## Fiscal Note

*Fiscal Services Division*



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**HF 2388** – Disproportionate Share Hospital Reimbursement (LSB 5452HV)  
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Fiscal Note Version – New

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### **Description**

**House File 2388** directs the Department of Human Services to create a new Disproportionate Share Hospital (DSH) funding pool. The new pool will provide payments to rural prospective payment hospitals that are not designated as critical access hospitals and that otherwise qualify to receive a Medicaid DSH payment. The source of funds for the required nonfederal share is to be generated from tax levy collections of the county or city where the hospital is located. The payment to the hospital cannot exceed the hospital-specific limit and the hospital will retain 100.0% of the DSH payment.

### **Background**

DSH payments provide additional help to hospitals that serve a significant number of low-income patients. States receive an annual DSH allotment from the federal government to cover uncompensated care costs for low-income patients not covered by Medicaid, Medicare, or the Children's Health Insurance Program.

### **Assumptions**

There are currently 14 rural prospective payment hospitals in Iowa. Two of those hospitals, Keokuk Area Hospital and Trinity Muscatine, qualify for DSH payments under the Medicaid State Plan. The current Keokuk DSH payment of \$61,000 is approximately \$4.0 million (federal and nonfederal) below their FY 2010 hospital-specific limit. Trinity Muscatine's limit has not been calculated recently, but it is assumed they are significantly below their limit as well. To this point Trinity Muscatine has not expressed any interest in pursuing this source of funding. The State's share of the Federal Medical Assistance Percentage (FMAP) rate is 40.41% for FY 2013 and FY 2014.

### **Fiscal Impact**

**House File 2388** has no fiscal impact to the State General Fund. If a city or county government decides to provide the nonfederal share of the DSH match, they will only be impacted by as much as they agree to provide. For every dollar provided by a local government, the federal government will provide \$1.47 for a total benefit of \$2.47 to the hospital.

### **Sources**

Department of Human Services  
U.S. Department of Health and Human Services

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/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to **Joint Rule 17** and the correctional and minority impact statements were prepared pursuant to **Iowa Code section 2.56**. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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